

## Message Text

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ORIGIN EB-07

INFO OCT-01 ARA-10 ISO-00 AID-05 CIAE-00 COME-00 FRB-01

INR-07 NSAE-00 TRSE-00 XMB-04 OPIC-06 SP-02 CIEP-02

LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01 GSA-02

INT-05 L-02 H-02 DODE-00 PA-02 USIA-15 PRS-01 /105 R

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APPROVED BY EB/ISM:MJDUX

ARA/BC:MWCOTTER

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R 082240Z APR 75

FM SECSTATE WASHDC

TO AMEMBASSY LA PAZ

UNCLAS STATE 079825

E.O. 11652: N/A

TAGS: EMIN, ECON, ETRD, PFOR, BL

SUBJECT: EMBASSY MEMORANDUM ON US TIN SALES

REFL LA PAZ 2353

1. DEPARTMENT CLEARS FOLLOWING AMMENDED TEXT OF PROPOSED  
EMBASSY MEMORANDUM TO MINFON, AS REQUESTED REFTEL:

2. "MEMORANDUM. THE EMBASSY OF THE UNITED STATES OF  
AMERICA WELCOMES THE OPPORTUNITY TO COMMENT ON THE MINISTRY  
OF FOREIGN RELATION'S MEMORANDUM OF MARCH, 1975. THE  
FOLLOWING INFORMATION IS BASED ON COMMUNICATIONS RECEIVED  
FROM THE DEPARTMENT OF STATE.

"SUBCOMMITTEE NO. 3 OF THE HOUSE ARMED SERVICES  
COMMITTEE HELD HEARINGS ON MARCH 25, 1975 ON INTER ALIA  
A BILL TO AUTHORIZE THE DISPOSAL OF AN ADDITIONAL 100,000  
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LONG TONS OF TIN FROM SURPLUS GENERAL SERVICES ADMINISTRA-

TION (GSA) STOCKPILES.

"THE HEARINGS WERE ADJOURNED SINE DIE AFTER THE SUBCOMMITTEE CHAIRMAN, MR. BENNETT, ANNOUNCED THAT HE WISHED TO OBTAIN FURTHER WRITTEN VIEWS ON STRATEGIC STOCKPILE

OBJECTIVES FROM VARIOUS EXECUTIVE BRANCH AGENCIES BEFORE PROCEEDING FURTHER.

"AS THE MINISTRY'S MEMORANDUM STATES, THE STABILITY OF PRICES FOR TIN IS IN THE BEST INTERESTS OF PRODUCER COUNTRIES AND WE NOTE FOR CONSUMERS AS WELL. WE BELIEVE THAT SINCE THE MID-1973 RESUMPTION OF GSA TIN SALES THE GSA SALES AND THE METHOD OF MAKING THOSE SALES HAVE CONTRIBUTED TO MODERATING POSSIBLE SPIRALS IN TIN PRICES. THE GSA SALES WERE CONSISTENT WITH THE ACTIONS OF THE ITC UNTIL ITS BUFFER STOCK WAS VIRTUALLY DEPLETED AND ACTED TO MODERATE SHARP PRICE INCREASES THEREAFTER.

"SINCE 1969 WORLD PRODUCTION OF PRIMARY TIN HAS NOT KEPT PACE WITH CONSUMPTION ACCORDING TO THE ITC STATISTICAL BULLETIN. THIS GAP ROSE IN 1973 TO 27,500 M.T. AND TOTALED AN ESTIMATED 21,500 MT IN 1974.

"WE EXPECT THAT ECONOMIC RECOVERY IN THE U.S. AND ELSEWHERE IN THE SECOND HALF OF THIS YEAR MAY RESULT IN A SHARP PICK-UP IN TIN DEMAND. THE RECORD OF TIN PRODUCTION OVER THE PAST DECADE SUGGESTS THAT PRODUCERS MAY NOT BE ABLE TO MEET THIS DEMAND. WITH LITTLE OR NO INVENTORY IN THE ITC BUFFER STOCK AND NO ADDITIONAL GSA DISPOSAL AUTHORITY, WE MIGHT AGAIN SEE SPIRALING PRICES TO THE DETRIMENT OF BOTH CONSUMERS AND PRODUCERS. EVEN GREATER SUBSTITUTION EFFORTS ON THE PART OF CONSUMERS MIGHT RESULT.

"AS IN THE PAST THE DEPARTMENT OF STATE WILL CONSULT WITH PRODUCERS BEFORE MAKING ANY CHANGES IN THE EXISTING GSA LONG TERM DISPOSAL PROGRAM. AS BEFORE, THE U.S. WILL TAKE ACCOUNT OF THE INTERESTS AND ECONOMIES OF PRODUCER NATIONS IN CONDUCTING ITS DISPOSAL PROGRAMS." KISSINGER

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## Message Attributes

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**TAGS:** EMIN, ECON, ETRD, PFOR, BL  
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